



PARIS INN GROUP
Hotel Investment and Asset Management

The Parisian hotel investment
and Management expert



PARIS INN GROUP
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Paris Inn Group is composed of:

29 hotels including
25**** hotels, **4******* hotels

1,887 rooms

700 employees

and had **€81.4M** in turnover in 2014.

(Paris Inn Group 2014 Data)



Editorial

Dear Investors,

We want to take the opportunity of this presentation to share our passion for the hotel business and our enthusiasm for the many projects we're involved in with you. Through our status as both manager and owner, we have earned the trust of several financial investors and partners over the years and have been able to unite many hotel operators around our values: hospitality, quality service and excellence.

We have honoured the values of hospitality and sharing at the heart of the hotel business since the beginning of our history, which began with our first hotel acquisition four generations ago.

We manage a portfolio of 25 4**** hotels and 4 5***** hotels for a total of 29 hotels with 1,887 rooms and consolidated turnover of €81.4 million in 2014.

As you will see for yourselves, we once again set ourselves apart from our competitors in 2014 with outstanding results. We'll let you discover and fully appreciate our growth over the following pages.

Our performance is rooted in the energy, meticulousness, professionalism and determination of the 700 women and men of Paris Inn Group and in the relevant strategic decisions we have taken over the past years. We are pursuing the roadmap we set for ourselves in the same spirit, one of well-thought-out dynamism which is measured, ambitious and assertive.

As part of the same approach, which combines investment projects and hotel management, we intend to maintain a growth policy based on managing 4**** and 5***** hotels, thereby affirming our leadership of the independent Parisian high-end hotel business.

Given that tomorrow's positions are built today, we are looking forward to having you by our side to share our current and future successes.

Welcome to Paris Inn Group.

Céline & Jean-Bernard Falco Vice-Chairman and Chairman of Paris Inn Group

***Céline Falco** (born Albar) is the **Vice-Chairman** of Paris Inn Group. She represents the 4th generation of a hotel family that purchased its first hotel in Paris in 1923. She honours the values instilled in her by continuing the philosophy that was there at the very beginning: to promote a hotel business totally focused on people whose know-how is exclusively intended to satisfy the needs of customers through ongoing innovation and by being the forerunners and leaders of new trends in contemporary hotels.*

***Jean-Bernard Falco**, the **Chairman** of the group and a specialist in financial transactions, has worked for many years with private and institutional players to implement their hotel investments.*



Who we are

Our multi-generational experience has enabled us to grow, adapt to changes in the market and master the entire hotel value creation chain.

Consistent growth

1923 — **First hotel acquisition** by the Albar family, the Printania, in the 20th arrondissement of Paris. **1 hotel**

1998 — **Meeting** between the Albar family and Jean-Bernard Falco, an expert in hotel and financial transactions. Period of strong growth with the purchase of eight hotels over a few years. **9 hotels**

2005 — **Birth** of the Paris Inn Group in its current form. The company sets up a Yield-Revenue-Management team and launches its e-commerce portal. **11 hotels**

2006 — **Expansion** of the operations and administrative management teams. **14 hotels**

2009 — **Creation** of the Web Hotels Grand Paris agency responsible for optimising sales and the Internet presence of hotels managed by Paris Inn Group. **17 hotels**

2010 — **Launch** of the group's new business brand: Book Inn France. **23 hotels**

2011 — **Partnership** with Pramerica Real Estate Investors, a subsidiary of the American insurance group Prudential Financial Incorporated, in a €65 million joint venture for the acquisition of four hotels. **27 hotels**

2013 — **Partnership** with Morgan Stanley Real Estate Investing in a €250 million joint venture for the purchase of a portfolio of four Parisian hotels. **31 hotels**

2014 — **Awarding** of a 5th star to the Champs-Élysées Mac Mahon, the 1st hotel in the group to receive this distinction. Paris Inn Group decided to expand internationally, through a chinese partnership with Plateno Group. Maison Albar, the 1st line of luxury Franco-Chinese hotels has now been launched! **29 hotels**

2015 — **Acquisition** of a office building located rue du Pont Neuf and the adjacent building of the Best Western Premier Opéra Diamond expecting 2 next 5-star hotels. Opening of a second 5-star hotel, the Best Western Premier Opéra Liège. **29 hotels**



Best Western Premier Opéra Opal****

// Management, Human Resources Management, Accounting, Audit, Operations... Our multi-disciplinary organisation reflects the diversity and demanding nature of hotel management. //

Séverine Buffard, Deputy CEO



Holiday Inn Paris Gare de l'Est****

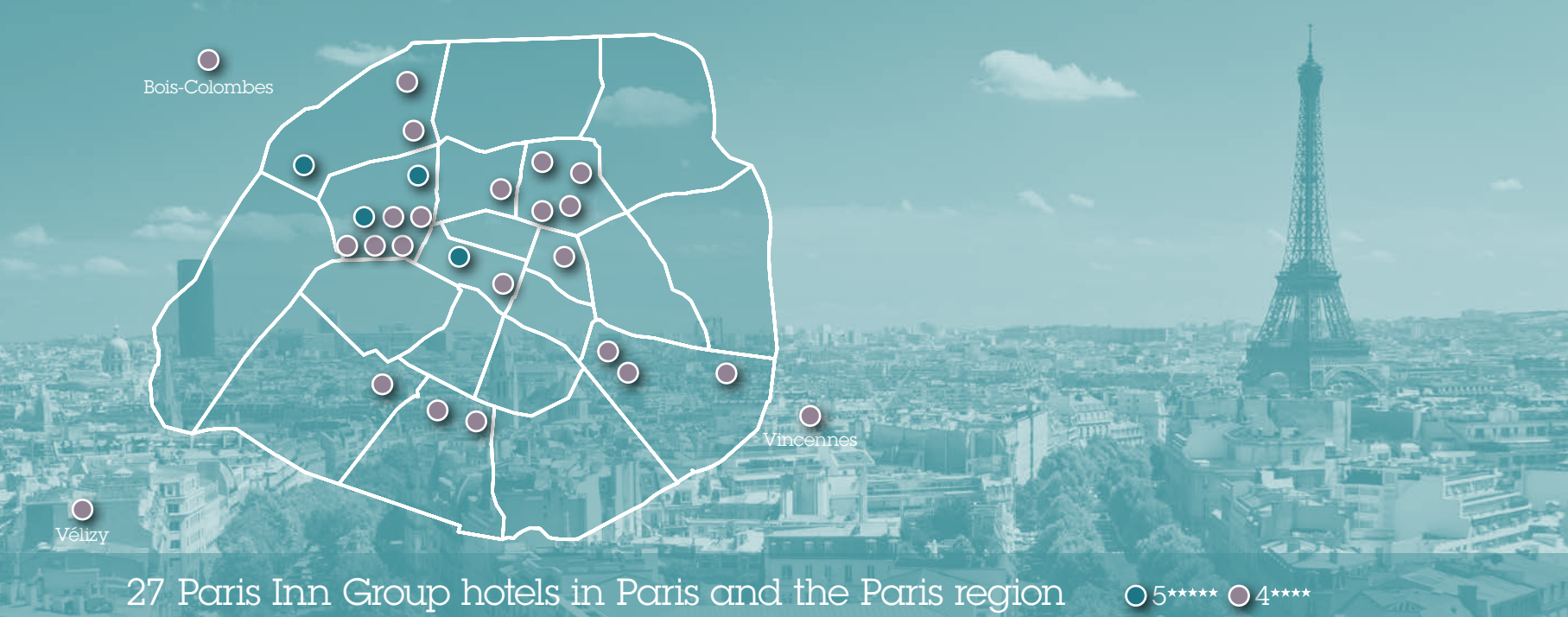
An operational organisation

Proven expertise in the service of investors. Services adapted to everyday hotel operation.



- Jean-Bernard FALCO
CHAIRMAN & CO-FOUNDER
- Céline FALCO
VICE-CHAIRMAN & CO-FOUNDER
- Grégory POURRIN
CEO
- Séverine BUFFARD
DEPUTY CEO





27 Paris Inn Group hotels in Paris and the Paris region

○ 5***** ● 4****

Elegant, contemporary hotels

Our hotel portfolio consists of **29** hotels. 27 are located in Paris and the Paris region and two are outside of Ile-de-France. The portfolio offers a consistent selection of contemporary boutique hotels ideally located in the heart of the capital, meeting the highest international hotel standards, with design as a plus.

4 hôtels 5***** (187 rooms)

- Hôtel Pont Neuf - Paris 1 – 60 rooms OPENING IN 2016
- Best Western Premier Opéra Liège - Paris 9 – 50 rooms
- Maison Albar Champs-Élysées Mac Mahon - Paris 17 – 40 rooms
- Best Western Premier Opéra Diamond - Paris 8 – 37 rooms

25 hôtels 4**** (1700 rooms)

- Mercure Paris Terminus Nord - Paris 10 – 236 rooms
- Holiday Inn Paris Gare de l'Est - Paris 10 – 207 rooms
- Best Western Plus Paris Vélizy - Vélizy (78) – 161 rooms
- Best Western Plus Suitcase - Paris La Défense (92) – 112 rooms
- Best Western Premier Opéra Faubourg - Paris 9 – 103 rooms
- Holiday Inn Paris Gare Montparnasse - Paris 14 – 100 rooms
- Hotel Beauchamps - Paris 8 – 89 rooms
- Best Western Premier Opéra Kapital - Paris 8 – 54 rooms
- Best Western Ducs de Bourgogne - Paris 1 – 50 rooms
- Best Western Premier 61 Paris Nation - Paris 12 – 48 rooms
- Quality & Comfort El Centre Del Mon - Perpignan (66) – 45 rooms
- Best Western Bretagne Montparnasse - Paris 15 – 45 rooms
- Best Western Opéra Batignolles - Paris 17 – 44 rooms
- Best Western Premier Marais Grands Boulevards - Paris 3 – 43 rooms
- Best Western Premier Louvre Saint-Honoré - Paris 1 – 37 rooms
- Best Western Marquis de La Baume - Nîmes (30) – 34 rooms
- Best Western Premier Opéra Opal - Paris 8 – 33 rooms
- Best Western Aulivia Opéra - Paris 10 – 32 rooms
- Best Western Premier Faubourg 88 - Paris 10 – 29 rooms
- Best Western Sèvres Montparnasse - Paris 15 – 29 rooms
- Best Western De Neuville - Paris 17 – 28 rooms
- Best Western Premier Élysée Secret - Paris 8 – 26 rooms
- Best Western Saint-Louis - Vincennes (94) – 25 rooms
- Opéra Marigny - Paris 8 – 24 rooms
- CHC Mathis Élysées Matignon - Paris 8 – 23 rooms



“Our hotel portfolio is growing at a dynamic and well-managed pace: four new hotels on average per year over the past several years.”

Jean-Bernard Falco,
Chairman



Best Western Premier Opéra Diamond****



Best Western Premier Opéra Opal****

The leader in Parisian high-end hotel investment and management

We are the high-end Parisian hotel specialist and are managers, investors and owners. Our performance makes us the preferred partner of our clients since it enables them to maximise the profitability of their investments.

Our expertise is based on the acknowledged know-how of a team of employees and partners who thoroughly understand every step of the hotel investment life cycle.

Identification and financial set-up

We provide our expertise in the search for and acquisition of the best targets and work with our investors to find the legal, tax and financial set-up best suited to their particular profile.

Asset redeployment and valuation

We work with clients to carry out renovation work and to reposition hotels based on a specific theme. This includes the definition of a design concept, the choice of service providers, works follow-up and brand selection.

Operational management, promotion and sales

Our support staff (human resources, purchasing, accounting, etc.) uses proven methods to assist our hotel managers and their teams to ensure optimal hotel operations.

We develop complete, high-performance services and tools to help energise the sales and marketing of each of our hotels. This includes the development of pricing strategies, revenue optimisation, online sales, advertising, Web marketing, CRM and more.

Sales of hotel assets

Our experience and our network enable us to assist our partners in implementing hotel asset sales processes: listing, off-market sales, investor search, due diligence, value creation optimisation, etc.

Best Western Premier Opéra Opal****

// We work with the hotel projects entrusted to us step-by-step, through every key phase of their development and with a single goal in mind: value creation. //

Céline Falco,
Vice-Chairman





Acquire

Hotel investment in Paris fits perfectly with the need of investors to diversify. It provides a unique opportunity in a market with limited selection, but in which demand is consistently growing

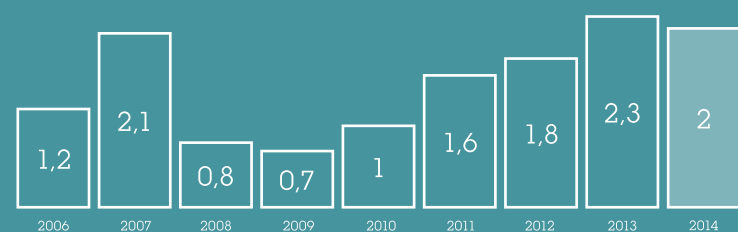
Hotels, an attractive investment vehicle

Investing in hotels provides ongoing returns and an alternative to investing in traditional real estate markets such as the residential, tertiary or financial sectors. The medium- and long-term prospects are extremely positive.

The hotel sector is drawing more and more investors. After housing, office space, shops and logistics hubs, hotels have become highly sought-after diversification assets. The hotel industry is based on solid fundamentals and has proven to be highly resilient in times of crisis.

Overview of hotel investment in France in 2014

2014 was an excellent year for hotel investment in France which reached over €2 billion.



Hotel investment in France in billions of euros (source JLL)



Best Western Premier Opéra Faubourg****

“ The Parisian hotel sector has won over investors thanks to its high-yield assets and appealing setting. ”

Orlène Félix,
Financial Director

The Parisian hotel sector: an appealing but very limited offering

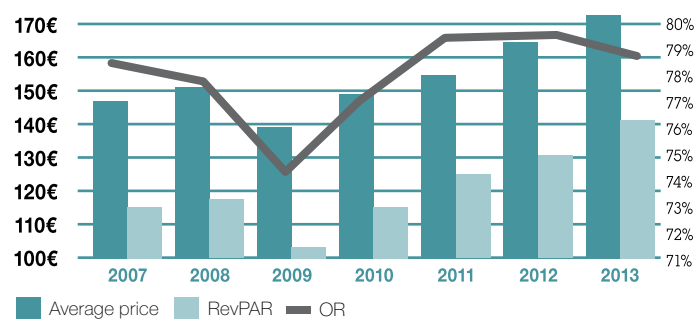
With 32.3 million tourists staying in the capital's hotels in 2013, Paris is the leading global tourist destination (source: Comité Régional du Tourisme d'Ile-de-France). The city boasts unmatched cultural assets and an incomparable heritage as well as first-rate infrastructure and exhibition venues. Paris, the city of light, is experiencing ever-growing demand from a foreign clientele (Europe, North America, etc.) which is increasingly from emerging countries.

In addition, with nearly 400 trade shows and 100,000 exhibitor companies every year, Paris and Ile-de-France are one of the leading business tourism destinations.

The diversity of its client base has enabled the capital to weather the economic downturn. Hotel operators benefit from an exceptional situation (low seasonality) and the increasingly obvious complementarity of business and leisure tourism throughout the year.

Paris has an inventory of 77,900 rooms in 1,500 hotels (source: Office du Tourisme et des Congrès de Paris). The city would need to build 7,000 more rooms to be able to deal with exponential increase in demand. The hotel sector isn't currently meeting the demand and available property is rare.

Key figures of the Parisian hotel industry



(source : OTCP)

Paris: an exception in the French hotel landscape

Thanks to their positioning between high-end and luxury, the hotels managed by Paris Inn Group had an average RevPar of €150 in 2014.

The appeal of the "Paris" destination will enable the hotels managed by Paris Inn Group to aim for a target RevPar of €250 in the future.

Categories	PARIS		
	RevPAR 2014	Var. 14/13	Var. 13/09
Luxury	391€	-3,8%	16,2%
High-end	163€	+3,5%	15,5%
Mid-range	111€	1,9%	15,6%
Economy	74€	0,5%	11%
Super-economy	nd	nd	nd

(source In Extenso/Deloitte)



Champs-Élysées Mac Mahon*****

We provide recognised expertise in identifying and selecting the best opportunities

Our perfect understanding of the Parisian hotel market and the special ties we have built with sector players (professional organisations, business banks, brokers, etc.) provide us with choice sourcing and enable us to offer this niche market's best possible selection to our partners, based on the investment criteria they set for us.

We only target high-end hotels with the best prospects for growth and value creation.

Our acquisition approach is designed to assess risk while valuing the investment based on objectives predefined with our investors. It is based on two main steps: we start with an analysis of the location, a study of the neighbourhood's potential and a benchmark of the competition then of the building itself with an analysis of goodwill, an audit of the structure and an evaluation of the work required to achieve the predefined objective.

Our expertise enables us to identify hotels as well as commercial buildings with strong potential for first-rate hotel renovations. Our expertise extends from feasibility studies for building renovation through conversion into a high-end hotel.

“Our position as the market leader enables us to identify targets that are brought to us in exclusivity and to optimise their profitability via a well-established value creation chain.”

Laura Ben-Ibgui,
Head of Development

An acquisition and integration process that minimises risk and maximises value creation

Yield investment / target objective: **8.5% IRR**

Data in €K

Turnover of a hotel taken over by Paris Inn Group	€1,000K
Value of the goodwill	€5,000K
Value of the premises and goodwill	€10,000K

N+5 with
Paris Inn Group

€1,300K
€6,500K
€13,000K

Opportunistic investment / target objective: **20% IRR**

Data in €K

Turnover of a hotel taken over by Paris Inn Group	€1,500K
Value of the goodwill	€5,000K
Value of the premises and goodwill	€10,000K

N+5 with
Paris Inn Group

€1,500K
€7,500K
€15,000K

Invest

We position ourselves as the preferred and natural partner of investors looking for profitable and secure investments

We have been working with different types of investors on their hotel projects since our creation:

- **Major institutional** investors like Pramerica Real Estate Investors, Morgan Stanley Real Estate Investing, AG2R la Mondiale, AIG...
- **Private investors** looking to diversify their holdings directly or indirectly (asset management advisers, private banks and family office...)

The deals on which we have built our expertise include the acquisition of goodwill only, of premises and goodwill, of portfolios and also of commercial buildings which are converted into hotels.

We work with our investing partners at every step of the value creation chain:

- **Complete market study**, identification of hotels for benchmarking.
- **Creation of a detailed business plan** based on three different scenarios (dynamic, median and conservative). Project feasibility assessment is done using precise investment figures (overall cost of works, acquisition costs, etc.) and based on a provisional operating account (RevPar, lodging capacity, total salaries, operating costs and taxes).

- **IRR setting**
- **Due diligence** of the target: internal and external audit reports
- **Confirmation** of the investment opportunity.
- **Legal and financial set-up:** holding company structure, appropriate bank guarantees, level of shareholders' equity required to reach the expected return.
- **Financing:** from Paris Inn Group's partner banks: BPI France, Groupe BPCE, Crédit du Nord, CIC, Goldman Sachs...
- **Acquisition** of the target.

// We work with our partners via a proven process to optimise their return on equity. //

Grégory Pourrin,
CEO

We handle everything, from investment to management





Manage

Best Western Premier 61 Paris Nation Hotel****

We create hotels with strong themes which become sources of high and sustainable revenue

We consistently put the hotels in our portfolio in a position to meet the best high-end hotel standards and generate high profitability. Our experience in construction and budget management enables us to handle the problems faced by all sizes of hotel assets: restructuring, conversion from building to hotel, renovation and compliance. We work as the client or as the assistant to the client with the help of experts and consulting firms specialised in hotel projects.

The quality of studies and technical audits we do upstream enables us to measure the potential for increased value and to adjust the works envelope according to the classification and competitor environment. The works we undertake are consistently inspected and methodically followed up on. These are essential conditions for ensuring good cost control and meeting delivery deadlines.

Our teams develop the works schedule, follow-up on work sites and ensure that the brand's standards, all rules and Paris Inn Group specifications are met. They supervise the architects, ensure that the budget isn't exceeded and check all technical aspects.

Several different operations to raise the classification of the hotels have been launched since 2007. We work in cooperation with the best Parisian architects and designers to meet traveller expectations both in terms of service and of the facilities at their disposal. The various work sites have produced a range of elegant, contemporary hotels.

The birth of a five-star hotel: the Champs Elysées Mac Mahon

BEFORE works:

A traditional 3 ★★★ hotel with underexploited potential

AFTER works:

Raise into the 5 ★★★★★ category with a significant increase in RevPar and Gross Operating Income



“90% of our hotel portfolio has either been created or moved into the four- or five-star category in less than 10 years.”

Guillaume Mermet,
Operations Director

Pilot

We maximise the profitability of the hotels entrusted to us thanks to the proven expertise of our teams

An Operations team working for quality

When investors entrust the management of their hotel or hotel portfolio to us, they benefit from our shared resources, our know-how and our tools.

In order to maximise hotel income, we implement processes that enable managers to fully dedicate themselves to their core business: service and client relations.

All managers are provided with support to help them with their everyday tasks. This includes administrative follow-up, pricing and marketing strategies and financial management, but maintains the brand identity and strategy of each hotel.

Our teams are trained to adjust to each different type of hotel while maintaining the quality standards set by the Paris Inn Group and to follow up on all service provider relationships (brands, suppliers, advisors, franchisors, banks, etc.).

Personalised follow-up of our managers and ongoing training promotes knowledge sharing and serves as a reminder of good management practices and of the profitability objectives set by the operations department.

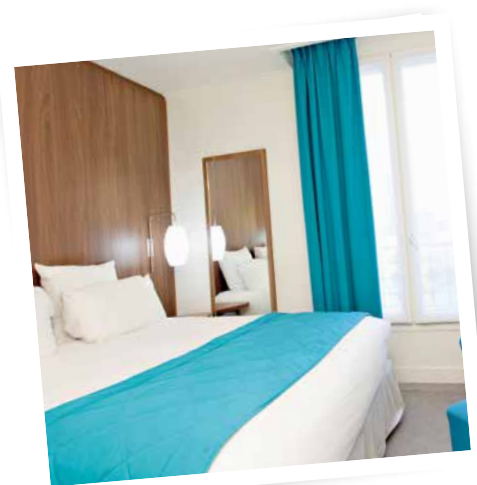
We have also developed real-time management control reporting tools in close cooperation with our investors.

An HR policy based on talent development and retention

Our hotels consistently benefit from our HR policy which is designed to develop individual employee skills. To achieve this, we provide a multi-disciplinary team which ensures that every employee undergoes regular training to promote their career development, excellence and motivation, thereby contributing to our added value.

Thanks to the company's many recruiting activities, our Human Resources Department maintains a pool of candidates that allows each manager to hire successfully.

// Our HR policy enables us to attract and retain the best possible employees to meet the highest hotel sector standards and achieve the expected internal rates of return. //



Best Western Premier
61 Paris Nation Hotel****

Caroline Caste,
Human Resources Director



Innovate

Best Western Premier Froubourg 88****

Our business model is entirely focused on innovation and new technologies

A Yield-Revenue-Management department for dynamic performance

In order to maximise RevPar and fine tune our response to customer expectations, we use unique Yield-Revenue-Management technology developed specifically to generate a dynamic and optimised pricing policy for each one of our hotels.

This sophisticated technique is used to adjust prices based on current demand and forecasts to maximise occupancy rates and achieve targets.

Our teams are responsible for everyday room sales and will adjust rates several times a day if necessary based on an analysis of macro and micro economic data, events, the competition, customer behaviour and on information obtained by sharing data from our portfolio, enabling effective cross-selling between the hotels.

Our team of analysts uses a highly strategic tool which we developed. It enables us to boast, on one hand, the best annual occupancy rate in the profession (94.4% on 31 December 2014) and, on the other, one of the best profitability levels of the market (Gross Operating Income of 48.6% of turnover on 31 December 2014).

Our Yield-Revenue-Management department also has a transversal function in direct relationship with the other departments, notably by working on the creation of project business plans (forecasts, benchmarks) and by enabling the definition of relevant pricing strategies.

A connected IS & Networks department

The IT tool is at the heart of the hotel business and our IS & Networks department is involved in every step of each hotel's life from construction to renovation to daily maintenance to the most advanced technical and technological projects.

The sharing of technology solutions enables the optimisation of operating costs and increased reliability for the various systems.

// Our Yield-Revenue-Management policy and our daily pricing strategy enable us to consistently outperform the Parisian reference market. //

*Ambre Guillaumin-Negluca,
Revenue Management
Department Director*





“ Technology is everywhere, from reservation management via the PMS to the television offering on IP, from telephony to the Cloud... We supply, explain, manage and provide it to our customers. ”

*Clément Boré,
IS & Networks Director*

A Web department that is continuously innovating

We are the only Parisian hotel group to have an integrated Web Agency, which we created seven years ago.

The Web has become the main source of hotel reservations. The OTA (Online Travel Agency) has understood this and puts constant and increasing pressure on hotel operators. Our Web Agency anticipated the change and enables our hotels to maximise their bookings online while providing the services of a digital communication agency.

We promote and sell our hotels to increase their turnover and e-reputation and optimise ROI. Our Internet sites use all of the latest technology and graphics developments, including Responsive Design.

Increasing traffic on our hotel websites is also a required step to increase turnover. We define a traffic acquisition strategy via two major axes: SEO (natural positioning) and SEM (purchase of keywords, banners, etc.).

Our Web Agency has developed a CRM tool in-house (individual Customer Relationship Management) to better understand our customers and anticipate their needs.

Thanks to its expertise, the Web Agency provides our hotels with new prospects for growth. It enables them to get in touch with an ever-growing customer base and to significantly improve their occupancy rates and profitability.

Each hotel benefits from the advice and expertise of our Communication Department within the framework of a personalised strategy to develop its real assets and generate an ongoing exchange with the customer experience.

“ We are constantly imagining new, ergonomically optimised sites which perfectly meet the increasingly advanced requirements of the Web. ”

*Brice Poté,
Head of the Online Marketing*

360° communication for each hotel

We work closely with the hotel managers to define and implement the online and offline communication strategies of each hotel. We offer each one all of the skills of our communication teams to develop their visibility via a complete communication mix.

Our consultancy mission runs from editorial communication (design-writing of sales materials and Web content) to marketing recommendations (benchmarks, hotel positioning and benefits, visual identity, communication of special offers) and includes media and public relations (press releases, press kits, media breakfasts and media training), communication in-hotels, events (openings, awards, vernissages) and Community Management.

Thanks to our excellent knowledge of Paris and its tourist marketing codes, we are able to offer our hotels customised actions inspired by the spirit of the place and their specific location to differentiate them from their competitors.

“ Each hotel benefits from the advice and expertise of our Communication Department as part of a customised strategy to discover their real assets and create an ongoing exchange with the customer experience. ”

*Magali de Brie,
Head of Communications*



Best Western Premier Opéra Diamond****

Create Value

At the end of this period of assistance and mutual commitment, which generally lasts 5 years, we draw up an action plan at n-1 which results in the sale of the hotel or of the hotel portfolio we have constituted.

This sequence, which brings the agreed value creation cycle to a close under optimum conditions, relies on the network of partners we've built up over the years. Total success depends on being ready to move when the time is right: asset yields must be at their highest and the sale set up according to the cycle initially defined with the investors while keeping close watch on the market to seize the best opportunity.

Paris Inn Group assists investors realise the sale of their assets on the best terms: we determine a sales price in sync with the market, select intermediaries (advisors, brokers), set up a Data Room, and make announcements suitable for the type of sale (public or "off-market").

“ We combine nearly 20 years of experience in the hotel transaction market and close attention to the profession's various operators in this booming, favourable, stable and liquid market to achieve the best value creation relative to other classes of competing assets while eliminating investor risk. ”

Jean-Bernard Falco, Chairman

Testify



The Teboul Family

Co-owners since 1991 of the Pharmacie Anglaise des Champs-Élysées, the Teboul family chose to diversify its assets and asked the Paris Inn Group to find a hotel to acquire. The result was the purchase of the Neuville hotel in 2008 then, flush with this initial success, the acquisition of the Best Western Aulivia Opéra in 2011. Both of these assets were upgraded to become two 4**** establishments.

3 questions for Pierre and Brigitte Teboul, owners of the Best Western Neuville and the Best Western Aulivia Opéra

Why did you choose to invest in the hotel industry?

We have always been interested in the hotel industry and wanted to diversify our assets, especially to pass on a real “tool” to our children.

We had a fairly large amount of capital but, despite our desire and numerous visits to establishments that were for sale, we were put off by the complexity of such a project, and especially by the financial and tax steps to be taken.

Jean-Bernard Falco, who knew of our desire to invest in a hotel project and is an expert in hotel transactions, helped us with the acquisition of the Neuville hotel business.

How did Paris Inn Group help you?

Paris Inn Group was right there with us from the beginning and brought all its expertise to each phase of the process of acquiring this establishment, which had 3 stars then, by offering us the most appropriate legal, tax and financial set up for our profile. They offered a genuinely tailor-made service that enabled us to realise our first hotel acquisition and feel confident about it throughout the transaction.

3 years later, Jean-Bernard Falco suggested a project that matched our expectations perfectly and became our second hotel investment: acquiring the Best Western Aulivia Opéra. The idea behind this bold installation in Paris's 10th arrondissement was to transform this 3-star establishment into a 4-star boutique hotel at a time when few establishments in this category were located in that neighborhood. This hotel's potential grabbed our attention and we agreed immediately: a magnificent space with high ceilings in a gentrifying neighbourhood of central Paris at an attractive purchase price. We knew we could highlight all these advantages by renovating it completely. And here again, Paris Inn Group simplified all the administrative steps and helped us daily from the financial set up to operating the hotel.

How would you describe this experience?

First of all, by calling on Paris Inn Group, we were able to take advantage of real expertise that reassured us throughout the process of acquiring, managing and operating these two establishments. We also built very strong relationships with each of the team members, who are all very professional. We genuinely feel a part of a group that puts human and family values first. We were even able to have Paris Inn Group train our children in the hotel business.



Pramerica

Pramerica Real Estate Investors is the real estate asset management company of the Prudential group, the second largest insurance company in the United States. Pramerica has been operating on the French market for 12 years and formed a €65M joint venture (JV) with Paris Inn Group in 2011 to invest in the Paris hotel business. It currently owns 252 rooms.

Our joint successes:

- Holiday Inn Paris Gare Montparnasse****
- Best Western Premier Opéra Kapital****
- Best Western Premier Opéra Liège****
- Best Western Premier 61 Paris Nation Hotel****

3 questions for Olivier Astruc, Vice President of Pramerica

What led you to invest in hotels in Paris?

We had identified Parisian hotels as a class of assets that had strong value-creation potential (the Parisian hotel market suffered from chronic under-capacity, there were a number of aging hotels, our clients were looking for better quality, etc.). In 2011 we met Jean-Bernard Falco, who presented us with an attractive hotel-acquisition strategy that had great potential for generating attractive yields for our investors.

What convinced you to work with Paris Inn Group?

Our investment strategy is clearly opportunistic and we have years of experience making profitable investments through partnerships with local experts in Europe. We were persuaded by the experience, professionalism, and savoir-faire the Paris Inn Group teams demonstrated in improving and managing hotel assets located in Paris and the western suburbs.

We were also looking for a solid partner that could help us with both acquiring an establishment and managing its operation. By combining Paris Inn Group's experience and our implementation of its methodologies, we were able to establish a "tactical" acquisition strategy. For each operation, the advice and assistance provided by Paris Inn Group enabled us to develop a value-creation plan based on upgrading the hotels we acquired (renovation works) and improving their operational performance.

What were the key factors in the success of the JV operation?

The success of our joint venture with Paris Inn Group is essentially related to our shared vision, a long-term commitment, and well-defined operating rules (regular financial reports, weekly meetings, quarterly board meetings). We quickly built close relationships with the Paris Inn Group teams and saw the quality of their work and their efficiency: they are a well-organized team with proven expertise in setting up operations and managing hotels.



Morgan Stanley Real Estate Investing

Morgan Stanley Real Estate Investing and Paris Inn Group became partners in a joint venture to invest in the hotel industry in Paris. In 2013, they finalised their first acquisition: a portfolio of four hotels totaling 626 rooms.

Our joint successes:

- Mercure Paris Terminus Nord ****
- Holiday Inn Paris Gare de l'Est ****
- Best Western Premier Opéra Faubourg ****
- Hôtel Beauchamps****

3 questions for Tim Breitenstein, Managing Director of Morgan Stanley Real Estate Investing

What led you to invest in hotels in Paris?

We have been paying particular attention to opportunities to invest in hotels in Paris since 2011. We are convinced the current supply must continue to improve in terms of both quantity and quality. There's no doubt that Paris is an attractive destination for business tourists as well as leisure tourists: it is the first destination in the world, receiving 30 million visitors per year. Demand has thus been increasing for the past 10 years while the supply has remained stable, which has widened the gap significantly between available supply and demand.

What convinced you to work with Paris Inn Group?

Given the specificity of the Paris market, we needed a manager with a proven track record in this market. Paris Inn Group, led by Jean Bernard Falco, has demonstrated its ability to meet the challenges of Paris market over the past 10 years. In addition, the consistency of the portfolio managed by the Paris Inn Group, its large size, the quality of the renovations, and especially the performance levels, were important factors in our decision to partner with a hotel operator.

What were the key factors in the success of the JV operation?

We are above all opportunistic investors. We seek to maximize value creation by using all the leverage possible: operational, financial, market and, of course, through repositioning.

The success of the JV operation stems above all from the complementarity between our teams and those of Paris Inn Group: they have worked side by side and developed a common language. Obviously, our teams relied heavily on the experience Paris Inn Group has acquired as an investor over the past ten years. In fact, Paris Inn Group is heavily involved when strategic decisions are taken by our JV's Board of Directors.



Bpifrance

Bpifrance, a subsidiary of the Caisse des Dépôts et de l'État, assists companies in each key stage of their development, from getting started to getting listed on the stock exchange. Formerly called OSEO, Bpifrance has contributed to Paris Inn Group's expansion since the Group's founding and has financed its hotel projects for two generations.

Our joint successes:
26 of our 31 hotels have been financed in part by Bpifrance

3 questions for Pedro Novo, Regional Director of Bpifrance Paris

What are the secrets to the success of your partnership with Paris Inn Group?

We enjoy a long-standing relationship with Paris Inn Group. We have been working with it in the French, and more particularly Parisian, hotel industry for two generations. Our partnership began with the parents of Céline Falco (born Albar), who manages Paris Inn Group with her husband, Jean-Bernard Falco. Over the years, we have developed a cooperative relationship based on solid foundations and mutual trust.

Our partnership also owes its success to our shared values:

- **simplicity:** simple, effective, and transparent organisational and operational processes;
- **proximity:** close collaboration between our times, which makes us fully proactive;
- **determination and optimism:** our mutual desire to see our dynamic investment policy (value creation) succeed in Paris.

Thus, to handle all of Paris Inn Group's projects (financing, investment, renovation, etc.), we work together to devise the most suitable investment strategy and development plan. We are particularly happy to support the growth of Paris Inn Group and share its desire to become the French market leader in independent luxury hotels.

Why does Bpifrance work with Paris Inn Group on each new project?

Bpifrance's mission is to help entrepreneurs over the long term and support them as they expand. Beyond the fact that we work this way with Céline and Jean Bernard Falco, we especially like the customer-focused policy they are developing. In fact, we are extremely touched by their strategic choices based on the experience economy. All the tools developed, managed and directed by the Paris Inn Group teams focus on comfort and service quality (from the design experience to services via the welcome customers receive). Controlling this value chain is in perfect harmony with Bpifrance's vision. Moreover, our goal is to help tomorrow's "champions" rise, and that's precisely what we're aiming for in working with Paris Inn Group.

Paris Inn Group is part of Bpifrance's Excellence network. Can you explain what this network is?

Bpifrance Excellence is a network represented by 3,000 exceptional business people selected from our customer portfolio by our partners. Selection is based on criteria including management skills, charisma, personality, enthusiasm, etc. The network is a community that thinks, shares experiences, and illustrates "France on the move", the "France that's changing". It was therefore quite natural for us to suggest that Céline and Jean-Bernard Falco become members of Bpifrance Excellence.

www.paris-inn-group.com



96, boulevard Haussmann - 75 008 PARIS - Tel : +33 1 44 70 80 90
contact@paris-inn.com

Société par Actions Simplifiée au capital de 450.000 € - RCS PARIS 501 865 729